

April 3, 2002
In reply refer to:
I-02/004023-FM

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE (DENVER CENTER), ATTN: DFAS-AY/DE

DEPUTY UNDER SECRETARY OF THE ARMY
(DEFENSE EXPORTS AND COOPERATION)
(DASA(DE&C)/SAAL-ZN)
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS
OFFICE, ATTN: 260L
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY OF THE AIR FORCE
(INTERNATIONAL AFFAIRS), ATTN: SAF/IAE
DEPARTMENT OF THE AIR FORCE

ASSISTANT SECRETARY OF THE ARMY
(FINANCIAL MANAGEMENT), ATTN: SAFM-BUR,
DEPARTMENT OF THE ARMY

COMMANDER, U.S. ARMY SECURITY ASSISTANCE
COMMAND, ATTN: AMSAC-ME-SE, AMSAC-CM-SE

COMMANDER, NAVAL SEA SYSTEMS COMMAND,
ATTN: SEA016 (Judy Bright)

COMMANDER, AIR FORCE SECURITY ASSISTANCE
CENTER, ATTN: AFSAC/CME

DIRECTOR, DEFENSE LOGISTICS AGENCY

DIRECTOR, NATIONAL IMAGERY AND MAPPING AGENCY

DIRECTOR, NATIONAL SECURITY AGENCY

DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY

DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY

SUBJECT: Contract Administration Services (CAS) Surcharge Waiver for Turkey
(DSCA 02-13)

The Agreement Between the Government of the United States of America and the
Government of the Republic of Turkey Regarding Reciprocal Quality Assurance Services,
signed March 12, 2001, is attached for your information and appropriate action. This

agreement authorizes the waiver of the Quality Assurance and Inspection portion of the CAS surcharge on FMS cases if the basic case was implemented on or after March 12, 2001.

For execution of this waiver the following guidance is provided.

- Request Implementing Agencies ensure all new Letter of Offer and Acceptance documents implemented after March 12, 2001 for Turkey reflect an FMS CAS surcharge rate of 1.0 percent, versus the standard 1.5 percent. This is in accordance with the DoDFMR, Volume 15, Chapter 7, paragraph 070405.C.
- The reduced CAS rate is only authorized for amendments and modifications if the basic case was implemented after March 12, 2001. For all basic cases implemented after March 12, 2001 but prior to this notification, request Implementing Agencies ensure that the next modification or amendment applies the reduced CAS surcharge to that case.
- Request DFAS-AY/DE load the CAS surcharge percentage of 1.0 percent for all Turkey Foreign Military Sales (FMS) cases implemented on or after March 12, 2001. Also request DFAS-AY/DE review all cases implemented after March 12, 2001 but prior to this notification to ensure that the 1.0 percent CAS surcharge percentage is applied appropriately.
- DSCA will ensure that DSAMS is updated to reflect the appropriate CAS surcharge for Turkey and that this policy memo is posted on the DSAMS bulletin board. This guidance will be reflected in the next change to the DoD 5105-38-M, SAMM.

This waiver will remain in effect for a five-year period from March 12, 2001. Unless otherwise agreed by the governments, the duration will automatically extend for another five-year period.

If you have any questions or need additional information, my point of contact is Ms. Joy Marcou, (703) 604-6568; DSN 664-6568; or email joy.marcou@osd.pentagon.mil.

/s/
James A. McQuality
Comptroller

Attachment
As Stated

DSCA-GC
DSCA-DLO
DSCA-COMPT-FM
DSCA-COMPT-RM
DSCA-ERASA
DSCA-IT-DSAMS
DSCA-P3-PPD

AGREEMENT
BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE
GOVERNMENT OF THE REPUBLIC OF TURKEY
REGARDING RECIPROCAL QUALITY ASSURANCE
SERVICES

I. PREAMBLE

- A. This Agreement sets forth the terms, conditions, and procedures under which the Government of the United States of America (U.S.) and the Government of the Republic of Turkey (hereinafter referred to as "the Governments") shall provide one another with reciprocal Government Quality Assurance (GQA) services for the procurement of defense materials and services, regardless of the method of purchase. Such GQA Services shall be accomplished without charge in accordance with established and documented directives, regulations and procedures acceptable to, and in compliance with the laws of, the Governments. The objective of this Agreement is to ensure each participating government is able to employ the most effective and efficient GQA services possible when acting under this Agreement. This Agreement will be implemented prospectively and will be applicable to new Foreign Military Sales (FMS) cases and commercial contracts with implementation dates on or after the effective date of this Agreement.
- B. Notwithstanding any other provisions of this Agreement, if special arrangements for QA support are made under an international cooperative project in which the Governments participate, those special arrangements shall have precedence over this Agreement.

II. GENERAL SCOPE AND DEFINITIONS

- A. The obligations of the Parties under this Agreement are subject to the availability of funds for such purposes.
- B. While GQA shall be performed without charge to the Delegator, the expenses for product expended in GQA will be borne by the contracting parties. In the event of unusually heavy costs being incurred by the Delegatee, appropriate charges may be negotiated.
- C. The following definitions apply for this Agreement:
1. Delegator: The representative authorized by the purchasing government to request GQA support from the host government.
 2. Delegatee: The representative authorized by the host government to ensure GQA support is performed on behalf of the purchasing government.
 3. Government Quality Assurance (GQA): The process by which the appropriate national authorities establish confidence that the contractual requirements relating to quality are met.

D. Referenced documents (most recent edition):

1. NATO STANDARDIZATION AGREEMENT (STANAG) 4107 - Mutual Acceptance of Government Quality Assurance and Usage of the Allied Quality Assurance Publications.
2. Allied Quality Assurance Publication (AQAP) 170 - NATO Guide for the Delegation of Government Quality Assurance.

E. Requests for GQA support under this Agreement will normally be restricted to those cases in which quality cannot be verified satisfactorily after receipt of the deliverables of a contract or GQA support at source is considered essential.

F. Purchases by Turkey from the U.S. under the U.S. Foreign Military Sales (FMS) Program shall be in accordance with the U.S. Arms Export Control Act and associated regulations, policies, and procedures. Normally, such FMS purchases shall be afforded the same GQA support as the U.S. Department of Defense invokes for similar procurements that it makes for its own use.

G. For all other contracts issued by the U.S. or Turkish Governments, e.g., direct procurements of defense products, the purchasing government may request the host government to provide any GQA services considered appropriate, based on AQAP 170.

H. When GQA support is contemplated, the purchasing Government shall assure:

1. Provisions are made for the host government to act on behalf of the purchasing government as their GQA representative,
2. Authorization for host government GQA representatives access to contractor facilities and records, and use of contractor assets, as necessary for the performance of GQA support, and
3. Appropriate contract quality requirements are a part of the contract. The Governments may use contract quality assurance documents, standards, or models other than Allied Quality Assurance Publications (AQAPs) (e.g. ISO 9000 standards).

I. If the host government believes GQA support is necessary at a subcontractor facility in a third country, it shall notify the purchasing government. The purchasing government shall be responsible for GQA support in a third country.

J. Each government will establish and identify a central control point(s) to receive all requests for GQA support via the focal point of the other government:

1. Requests by the U.S. for GQA support by Turkey shall be sent via:

Defense Contract Management Agency
DCM Southern Europe — Israel
Attn: DCMDI-GGI
APO AE 09830-7228

To:

Ministry of National Defense
Technical Services Department
(MSB Teknik Hizmetler Dairesi Başkanlığı)
Bakanliklar Ankara Turkey

2. Requests by Turkey for GQA support by the U.S. shall be sent via:

- | | |
|---|--|
| a. Milli Savunma Bakanlığı
Teknik Hizmetler Dairesi Başkanlığı
(Ministry of National Defense
Technical Services Department)
Bakanliklar Ankara Turkey | Phone : +90-312-402 5271
Fax : +90-312-417 5488 |
| b. Milli Savunma Bakanlığı
Diş Tedarik Dairesi Başkanlığı
(Ministry of National Defense
Foreign Procurement Department)
Bakanliklar Ankara Turkey | Phone : +90-312-402 3223
Fax : +90-312-417 7342 |
| c. Milli Savunma Bakanlığı
Savunma Sanayii Müsteşarlığı
(Ministry of National Defense
Undersecretariat for Defense Industries)
06100 Bahçelievler Ankara Turkey | Phone : +90-312-417 2327
Fax : +90-312-417 3266 |
| d. Washington Silahlı Kuvvetler Ateşeliği
(Washington Armed Forces Attachee) | Phone : +1-202-612 6772
Fax : +1-202-238 0623 |
| e. Kara Kuvvetleri Lojistik Komutanlığı
(Land Forces Logistics Command) | Phone : +90-312-222 6320
Fax : +90-312-342 2031 |
| f. Hava Kuvvetleri Lojistik Komutanlığı
(Air Forces Logistics Command) | Phone : +90-312-244 6376
Fax : +90-312-249 1066 |

To:

Defense Contract Management Agency
DoD Central Control Point
Attention: DCMA-FBFR
8725 John J. Kingman Road
Suite 4539
Fort Belvoir, VA 22060-6221
USA

Phone: (+1-7-3-767-4102)

- K. Each central control point shall be responsible for arranging for the performance of the required GQA support by its appropriate national organization. The central control point of each government shall endeavor to keep the focal point of the other apprised of current GQA practices and resources to help ensure that requests for QA support are reasonable and prudent. The focal point of each government shall advise the central control point of the other, regarding requirements for contract quality assurance and clarify requests for GQA support, as requested.
- L. The purchasing government may perform other necessary contract administration functions (e.g., government property surveillance), including GQA functions not delegated to the host nation, through its own on-site representatives. If this election is made, the purchasing government shall so inform the host government in order to avoid duplication of work that otherwise might be performed by the host government. In the spirit of teamwork, terms of reference will be established describing the working relationship between the host and purchasing government representatives. The terms of reference will be included in the QA Delegation Implementation Plan.
- M. Visits by representatives of the purchasing government to its contractor at a site within the territory of the host government shall be coordinated with the host government, who shall have the right to accompany the visitors. Access of the purchasing government to its contractors, subcontractors, and their records, as may be authorized contractually, shall not be impaired or affected in any other way by the provisions of this Agreement.

III. GQA DELEGATION IMPLEMENTATION PLAN

In order to implement the provisions of this Agreement, a mutually agreed upon GQA Delegation Implementation Plan shall be developed by the national authorities in each country. The plan shall describe, in detail, the actual GQA delegation process and specific information concerning delegation requirements, i.e., forms, responsibilities, communications, problem resolution, records, risk assessment feedback, surveillance plans, etc. The plan shall be reviewed annually and modified, as necessary, to ensure that the intent of the Agreement is being implemented properly.

IV. PROCEDURES

- A. Requests for GQA services shall be made in accordance with STANAG 4107 and AQAP-170 in a format that is agreed upon by the Delegator and Delegatee. Electronic transmission of requests is encouraged and e-mail addresses, if available, will be provided in the GQA Delegation Implementation Plan. The specific forms to be used and delegation process will be as provided in the GQA Delegation Implementation Plan. Each request will include, as a minimum:
1. Reference to this Agreement;
 2. Applicable contractual instrument;
 3. Contractual Quality Assurance requirement (e.g. specification or standard);
 4. A listing of the minimum GQA support functions or tasks being requested;
 5. If technical communication regarding the affected work is to be addressed to anyone in addition to the Delegator, the request for GQA support must identify the addressee;
 6. Unless otherwise mutually agreed in the GQA Delegation Implementation Plan, the request for GQA will be accompanied by the applicable contractual instrument, changes or amendments thereto, and related technical data;
 7. Method of product release after GQA, and
 8. Blank copy of Statement of GQA Performance/Completion, as defined in the QA Delegation Implementation Plan. (e.g., CoC in accordance with Annex F to AQAP 170)
 9. Delegator's address, phone, fax, e-mail, etc.
- B. The Delegator may modify a request for GQA support during contract performance after consultation with the Delegatee.
- C. Risk assessments shall be performed, by the delegator, on each contract prior to delegating GQA to the host government. Each request for GQA will identify the GQA functions or tasks required to be performed by the Host Government to mitigate the identified risks. A copy of the risk assessment should accompany each request for GQA.
- D. Upon receipt of the request for GQA, the delegatee shall develop a GQA surveillance plan detailing the surveillance activity to be performed based on the delegation received and the contractors past performance. Upon request, the delegatee shall provide the delegator a copy of the GQA surveillance plan.

- E. Within 45 days after receipt of a request for GQA support, the Delegatee shall provide acknowledgment of the request to the Delegator in a format agreed upon in the QA Delegation Implementation Plan. With its acknowledgment, the Delegatee shall also indicate one of the following:
1. Acceptance of the request without qualification,
 2. Acceptance of the request with qualification explained in writing, or
 3. Rejection of the request for reasons explained in writing.
- F. Rejection of delegations will be on an exception basis only and will be limited to unusual circumstances. If the requirements imposed by a request for GQA support include functions beyond the current technical capabilities or resource capacities of the host government, the Delegatee shall immediately notify the Delegator. In such cases, the Delegator shall make other arrangements for the performance of the affected functions. If any GQA support function requested by the Delegator is beyond the capability or capacity of the host government, the Delegatee shall not procure the resources needed to perform such function without the written consent of the Delegator.
- G. In order to ensure appropriate GQA functions are requested on the delegation, the Delegatee should advise the Delegator on the acknowledgement form when requests for GQA are considered excessive or insufficient, based on risk assessment and the Delegatee's knowledge of the contractor's current or past performance. The Delegator is the final authority for defining the GQA requirements.
- H. The GQA Delegation Implementation Plan shall allow for situations that require immediate and urgent GQA surveillance activity that would not be possible within the established delegation acknowledgement cycle times. Acceptance or rejection of such urgent GQA requests remains with the Delegatee.
- I. Upon acceptance of a request for GQA support, the Delegatee shall implement a quality assurance program to accomplish the requested surveillance activity, in accordance with established national practices. The Delegator and Delegatee may mutually establish the requirements for the required GQA support.
- J. The purchasing government shall inform its contractor as to who shall perform the required GQA or this will be stated in the contract.
- K. The Delegatee shall inform the Delegator of the accomplishment of GQA support on each batch, lot, and/or shipment in the format stated on the request for GQA. If a Statement of GQA Performance/Completion is required, it should be so stated on the request for GQA. The statement shall be in a format that is agreed upon by the Delegator and Delegatee in the GQA Delegation Implementation Plan. A blank copy of the statement form, if required, should be provided to the delegatee with the request for GQA. The statement will not be signed by the delegatee until the

affected material or equipment is ready to deliver. The Statement of GQA Performance/Completion shall include, as a minimum, the following:

1. A statement attesting the supplies and/or services have been subject to GQA services;
 2. Contract number and/or order number and date,
 3. Supplier and supplier generated shipment number,
 4. Contract schedule information (contract line item number, stock/part number and name, and item quantity), and
 5. Name and signature of Delegatee and date of signature.
- L. The Delegatee shall maintain records of all GQA surveillance activity performed in support of a request for GQA. The specific details for record retention (e.g. length of time to retain) shall be described in the GQA Delegation Implementation Plan. GQA surveillance records shall be made available to the Delegator upon request.
- M. Direct communication, both written and verbal, between the Delegatee and the Delegator is encouraged. Written communications shall be dispatched by the most effective and efficient means possible, as appropriate to the circumstance.
- N. Risk information relative to contract and contractor performance shall be exchanged between the Delegator and Delegatee during the execution of GQA surveillance activity, for a specific request for GQA. The GQA Delegation Implementation Plan shall describe the methods by which this information will be exchanged.
- O. Correspondence between the Delegator and the contractor, pertaining to quality assurance shall be transmitted through the Delegatee. The Delegatee shall provide copies of any GQA reports or records related to a specific request for quality assurance upon the request of the Delegator.
- P. The purchasing government shall retain final authority over contract interpretations and enforcement actions, and it shall advise the assigned GQA support office in a timely fashion on such matters.
- Q. The Delegatee should be empowered to approve a request for deviation or waiver by a contractor unless such request affects safety, reliability, maintainability, interchangeability, storage life, performance, or cost. This authorization shall be clearly stated on the request for GQA. Upon request, the Delegatee shall forward to the Delegator for record any request for deviation or waiver approved by the Delegatee. The Delegatee shall forward to the Delegator for action any request for deviation or waiver received that is not actionable by the Delegatee. The format

of such requests shall be specified in the contract or GQA Delegation Implementation Plan.

- R. The Delegator may request the Delegatee to participate in a variety of contractual matters related to the performance of GQA support functions. The involvement and role desired of the Delegatee in such activities shall be clearly specified on the request for GQA support, provided, they are permitted by the contract. The Delegatee may decline to furnish such services if the Delegatee considers them to be outside normal GQA support functions. Such declination should be so stated on the acknowledgement of GQA form.
- S. If at any time during the course of the order, the Delegatee cannot proceed with a GQA support function the delegatee shall so advise the Delegator of the facts as expediently as possible. Situations warranting notification shall include, but are not limited to:
1. Deficiencies in the contractor's quality system or product,
 2. Events considered to be of major importance, or
 3. Deficiencies expected to be a cause of excessive delay.
- T. The Delegator and Delegatee shall mutually agree to the format for such notification in the GQA Delegation Implementation Plan. The notification shall include, as a minimum, the following:
1. Contract and/or order number,
 2. Supplier,
 3. Statement of unsatisfactory condition, to include the applicable contractual provision concerning noncompliance, and
 4. Signature of Delegatee and date.
- V. **RESPONSIBILITY AND LIABILITY**
- Nothing in this Agreement shall relieve the contractor of any responsibilities under the contract. No liability shall attach to the Government, its officers, or agents, acting under this Agreement on behalf of the other Government. Should defective materials or services be detected subsequent to delivery, the Delegatee shall assist the Delegator in the investigation of such defects.

VI. **SECURITY AND PROTECTION OF INFORMATION**

- A. Unless otherwise directed or stated, data generated or obtained through the implementation of this Agreement shall be considered unclassified, but for

Official Government Use Only. To the extent authorized by law, such data shall be exchanged by the Governments in confidence and shall be safeguarded in a manner that ensures its proper protection from unauthorized disclosure.

- B. Any classified information, data, or material exchanged under the terms of this Agreement shall be protected in accordance with the U.S./Republic of Turkey General Security of Military Information Agreement of 21 March 1986 and the U.S./ Republic of Turkey Industrial Security Agreement of 14 July 1986.
- C. To assist in providing the desired protection, each Government shall mark classified information furnished to the other with a legend indicating the country of origin, the security classification, the conditions of release, and the fact that the information relates to this Agreement.
- D. Each Government shall take all lawful steps available to it, to keep information and data exchanged in confidence under this Agreement free from disclosure under any legislative provision, unless the other Government consents to such disclosure.
- E. In the event of termination or expiration of this Agreement, the provisions of this Article shall continue to apply.

VII. CHARGES

GQA services provided under this reciprocal Agreement shall be provided free of charge, subject to a joint review of the services being exchanged at not less than three-year intervals to ensure general reciprocity is being maintained. Any such review will include the quality of GQA services being provided. If, as a result of such a review, either Government determines that charges will be necessary, charges may be imposed after not less than twelve months advance notice in accordance with Section IX.

VIII. REVIEW AND REVISION

This Agreement shall be reviewed not less often than every three-years to determine if implementation has been as intended and to revise the Agreement as necessary. Minor changes, such as address changes to the central control points, shall not, in themselves, necessitate revision to this Agreement. Current addresses will be maintained in the GQA Delegation Implementation Plan until such time as this Agreement is revised.


IX. DURATION AND TERMINATION

- A. This Agreement shall enter into force on the date of the last signature and will remain in effect for a five-year period following its signing. Unless otherwise agreed by the governments, the duration will automatically extend for another five-year period.

- B. If, however, either government considers it necessary to terminate this Agreement, written notification of its intention will be given to the other government twelve months in advance of the effective date of the termination.
- C. Unless otherwise agreed, if either party terminates this Agreement, GQA services will continue to be provided until contract completion for those contracts for which GQA support is being provided under this Agreement.
- D. Any misunderstanding regarding the interpretation or application of this Agreement will be resolved by consultation between both Parties and will not be referred to an international tribunal or third party for settlement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement in both English and Turkish languages. In case of conflict between the different language texts, the English language text shall be the governing text.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA



David R. Oliver

Under Secretary of Defense
(Acquisition, Technology & Logistics)

Date: FEB 14 2001

Place: Washington, DC

FOR THE GOVERNMENT OF THE
REPUBLIC OF TURKEY


S. Işık KOŞANER, Lt. General

Under Secretary of the Ministry of
National Defense

Date: MARCH 12, 2001

Place: ANKARA